



# SDRS Outlook

Membership Newsletter • April 2020

## An Important Message to All SDRS Members

The impact of COVID-19 and the recent steep decline in the investment markets have resulted in uncertainty and concern in all aspects of our lives, including concerns about SDRS. We understand your concerns and how important your SDRS benefit is to you and your family.

The SDRS Board of Trustees has spent a great deal of time establishing long-term benefit goals that enable our members to retire with adequate benefits. Benefit adequacy for our members and their families is a priority. Equally as important is the responsibility the Board has for keeping SDRS sound and sustainable under all economic conditions while also recognizing SDRS is funded by fixed member and employer contribution rates. The Board has established funding objectives to accomplish this.

As of July 1, 2019, SDRS was very well positioned and successfully met both its benefit goals and funding objectives. However, today's conditions have changed, and the future outlook is very volatile.

In 2018, the Board developed a series of action plans and priorities as guidelines for recommendations in the event of a severe economic downturn. The Board is reassessing its action plans to:

- reflect how the current decline in asset values will impact our funding and what happens if conditions get better or worse;
- identify possible benefit changes that would be required based on various levels of asset declines;
- consider other actions that would mitigate the need for, or the magnitude of, benefit changes; and
- prioritize necessary changes.

The benefit of maintaining a fully funded system during normal economic times cannot be overemphasized since it significantly lessens the changes required during bad economic periods. Our partnership with the South Dakota Investment Council, and their disciplined approach to asset

management, has been a significant contributor to SDRS' success and the ability to remain fully funded during most economic conditions.

We realize benefit changes have serious consequences to our members and must be balanced with the Board's responsibility for the system's sustainability. As such, any Board recommendations will consider:

- the short and long-term effects on our members;
- SDRS' benefit adequacy goals;
- a long-term outlook that doesn't overreact to current conditions;
- the reality of fixed contributions;
- continued sound funding practices and objectives;
- actuarial standards; and
- the investment outlook advice of the South Dakota Investment Council.

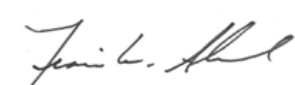
If benefit changes are required, our first priority is to preserve accrued benefits (benefits earned based on service to date) for all members. Our second priority is to favor temporary benefit changes that can be reversed, or will automatically reverse, if conditions improve, rather than permanent ones. Other objectives have been formalized to assure equity among members.

The Board met in early April and will continue to assess viable options during the rest of this year and adopt a formal plan to guide any SDRS recommendations to the 2021 Legislature. While the economic disruption may be temporary, we must plan for the possibility it will be long-term.

SDRS will keep you informed of our progress and our plans. We hope for the health and safety of you and your family during this uncertain time.



James Johns  
Board Chair



Travis Almond  
Executive Director



## South Dakota Retirement System

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# SDRS Response to COVID-19

In March, Governor Kristi Noem issued an Executive Order that closed state offices through May 2, 2020, in an effort to control the spread of COVID-19, the coronavirus pandemic affecting communities worldwide. In accordance with the Governor's order and out of concern for the health and safety of our members and employees, SDRS has temporarily modified its operations. However, SDRS remains dedicated to providing members with high-quality and timely service.

**Benefit Payments:** SDRS benefit payments to members and beneficiaries will not be disrupted. SDRS is processing all payments as scheduled. Monthly annuity payments will be distributed as usual.

**Office Operations:** SDRS offices are currently closed and will remain closed through May 2, 2020, as prescribed in the Governor's order. Walk-in member services at the SDRS office have been suspended. While the office may be closed, SDRS staff are working remotely and are available to answer phone calls and respond to emails during regular office hours, 8:00 AM to 5:00 PM (CT) Monday through Friday. Members can

reach SDRS staff via phone at 1-888-605-SDRS (7377) or email at [sdrsweblink@state.sd.us](mailto:sdrsweblink@state.sd.us).

**Scheduled Events:** All SDRS scheduled events through May 2, 2020, are postponed. SDRS will be working to reschedule these events. Once dates are finalized, they will be posted on the SDRS website, [sdrs.sd.gov](http://sdrs.sd.gov). Members will also be mailed or emailed event notices approximately 2-3 weeks prior to the event when SDRS will be in their area.

SDRS anticipates office operations will return back to normal after May 2, 2020. However, if circumstances necessitate an extended office closure, that information will be communicated via the SDRS website, [sdrs.sd.gov](http://sdrs.sd.gov), and the SDRS Facebook page.

Please take the necessary steps to remain healthy and safe during this uncertain time. We also want to extend our gratitude to the health and public safety members serving our state and protecting all South Dakotans. We recognize and appreciate your sacrifice. Stay safe!

The information presented in Outlook is neither a legal reference nor a complete statement of South Dakota laws or administrative rules. In any conflict between this information and South Dakota laws or administrative rules, the laws and administrative rules shall prevail.

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